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Date:
September 10, 2008

Legend

Distributing =

Controlled =

Sub 1 =

Sub 2 =

Sub 3 =

Sub 4 =

Sub 5 =

Sub 6 =

Sub 7 =

Sub 8 =

Sub 9 =

Sub 10 =

Sub 11 =

Sub 12 =

Sub 13 =

Sub 14 =

Sub 15 =

Sub 16 =

Sub 17 =

Sub 18 =

Sub 19 =

Sub 20 =

Sub 21 =

Sub 22 =

Sub 23 =

Sub 24 =

LLC 1 =

LLC 2 =

LLC 3 =

LLC 4 =

LLC 5 =

LLC 6 =

LLC 7 =

LLC 8 =

LLC 9 =

LLC 10 =

LLC 11 =

LLC 12 =

LLC 13 =

Debtor Business
B Subs =

Creditor Business
B Subs =

Shareholder A =

Shareholder B =

Shareholder C =

Business A =

Business B =

Business C =

Business D =

Risk 1 =

Risk 2 =

Risk 3 =

Facilities =

Stock Transactions =

a =

b =

c =

d =

e =

f =

g =

h =

i =

j =

k =

l =

m =

n =

o =

p =

q =

r =

Date 1 =

Date 2 =

Date 3 =

Date 4 =

Date 5 =

Date 6 =

Date 7 =

Date 8 =

Date 9 =

Date 10 =

Date 11 =

Date 12 =

Date 13 =

Date 14 =

Dear :

This letter responds to your April 18, 2008 request on certain federal income tax consequences of the Proposed Transaction (described below). The information provided in that letter and in later correspondence is summarized below.

The rulings contained in this letter are based on facts and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by the appropriate parties. This office has not verified any of the materials submitted in support of the request for rulings. Verification of the information, representations, and other data may be required as part of the audit process. In particular, this office has not reviewed any information pertaining to, and has made no determination regarding, whether the Proposed Transaction: (i) satisfies the business purpose requirement of § 1.355-2(b) of the Income Tax Regulations; (ii) is used principally as a device for the distribution of the earnings and profits of the distributing corporation or the controlled corporation or both (see § 355(a)(1)(B) of the Internal Revenue Code (the “Code”) and § 1.355-2(d)); or (iii) is part of a plan (or series of related transactions) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest in the distributing corporation or the controlled corporation (see § 355(e) and § 1.355-7).

Summary of Facts

Distributing is the common parent of an affiliated group whose includible corporations join in filing a consolidated federal income tax return (the “Distributing Group”). The authorized and outstanding capital stock of Distributing consists of one class of common stock (the “Distributing Common Stock”). The Distributing Common Stock is publicly traded and widely held. Based on publicly available securities information, Shareholder A, Shareholder B, and Shareholder C held five percent or more of the Distributing Common Stock on Date 1.

Distributing wholly owns Controlled, which was formed in connection with the Proposed Transaction on Date 2, and also wholly owns Sub 1, Sub 2, Sub 3, Sub 4, Sub 5, Sub 6, Sub 7, and Sub 8. Sub 1 wholly owns Sub 9, Sub 10, and Sub 11. Sub 2 wholly owns Sub 12 and Sub 13. Sub 4 wholly owns Sub 14 and Sub 15. Sub 5 wholly owns Sub 16. Sub 6 wholly owns Sub 17. Sub 7 wholly owns Sub 18. Sub 15 wholly owns Sub 19. Distributing owns a% of the stock of Sub 20, and Sub 17 owns the remaining b%. Sub 20 wholly owns Sub 21 and Sub 22. Sub 18 wholly owns Sub 23, which was formed in connection with the Proposed Transaction on Date 3. Each of Distributing, Controlled and Sub 1 through Sub 23 is classified as a corporation for federal tax purposes under §§ 301.7701-2 and 3.

Sub 2 wholly owns LLC 1, which was formed in connection with the Proposed Transaction on Date 4. Sub 6 wholly owns LLC 2. Sub 8 wholly owns LLC 3. Sub 14 wholly owns LLC 4. Sub 15 wholly owns LLC 5 and LLC 6. Sub 19 wholly owns LLC 7. Sub 21 wholly owns LLC 8 and LLC 9. Each of LLC 1 through LLC 9 is classified as an entity disregarded as separate from its owner for federal tax purposes under § 301.7701-3 (a “disregarded entity”).

Distributing and the members of its “separate affiliated group” as defined in § 355(b)(3) (the “Distributing SAG”) directly engage in Business A, which is a segment of Business B. Controlled and the members of its “separate affiliated group” as defined in § 355(b)(3) (the “Controlled SAG”) directly engage in Business C, which is a segment of Business D. Financial information has been submitted indicating that Business A and Business C each has had gross receipts and operating expenses representing the active conduct of a trade or business for each of the past five years.

Distributing has determined that the Proposed Transaction will serve the following corporate business purposes: (i) to enhance the success of each of Business B and Business D by resolving systemic problems that arise (or are exacerbated) by Distributing's operation of these different businesses within a single affiliated group, including by (A) permitting Controlled the flexibility to pursue increased revenue by managing Risk 1 associated with Business D unfettered by concerns about the impact of its hedging strategies on Business B, (B) permitting each of Distributing and Controlled the ability to use more leverage to achieve a lower weighted average cost of capital so as to significantly reduce the costs of (and increase the opportunity for) capital expenditures and material acquisitions, (C) increasing transparency of the costs, revenues, profitability and other performance metrics of Business B and eliminating the burdens of policing against any cross-subsidization between Business B and Business D, (D) otherwise permitting the respective businesses to create an appropriate risk profile, including by isolating (1) Business D from Risk 2 surrounding Business B and (2) Business B from Risk 3 surrounding Business D, (E) improving business prospects for LLC 1 in managing the Facilities and, in turn, improving prospects for profits to the Distributing SAG and the Controlled SAG by virtue of their respective ownership interests in LLC 1 and for Business D partnering with such third parties; and (F) resolving issues surrounding the competition for capital between Business B and Business D; (ii) to facilitate the potential for a stock-based acquisition strategy for Business B and Business D; and (iii) to create a more effective equity based compensation scheme which is expected to benefit the management of each of Distributing and Controlled by permitting the equity compensation to be more directly based on the success and performance of their respective businesses ((i) through (iii), collectively, the “Corporate Business Purposes”). Following the Distribution, one member of the Distributing board of directors with accounting expertise in the industry also will serve as a member of the Controlled board of directors.

In connection with the Proposed Transaction, Distributing and its affiliates and Controlled and its affiliates will enter into agreements for transitional services, tax sharing and allocations, and employee matters. Distributing and Controlled also will enter into agreements respecting a joint venture between the two parties to be operated through LLC 1 (the “Joint Venture”). The Joint Venture will provide technical and management services to members of the Distributing SAG in connection with the conduct of Business B and provide support and operational services to members of the Controlled SAG in connection with the conduct of Business D as well as to third party

customers. Members of the Distributing SAG will provide management and administrative services to the Joint Venture. The agreements respecting the foregoing are collectively referred to as the “Continuing Agreements.”

Proposed Transaction

Distributing has proposed the following series of transactions (the “Proposed Transaction”):

- (i) Distributing will contribute \$d to Sub 1. Sub 1 will use the \$d to satisfy its intercompany obligations to Distributing (the “Sub 1 Contribution and Debt Repayment”).
- (ii) A Creditor Business B Sub will sell \$e of intercompany obligations of Sub 17 to Distributing for a note of Distributing.
- (iii) Sub 7 will merge with and into Distributing (the “Sub 7 Liquidation”).
- (iv) Sub 6 will convert under state law into a LLC, changing its name to LLC 10 (the “Sub 6 Liquidation”).
- (v) Sub 17 will distribute certain membership interests in disregarded entities (the “Sub 17 Other Interests”) to LLC 10 (the “Sub 17 Distribution”).
- (vi) Sub 21 will merge with and into Controlled (the “Sub 21 Merger”). Controlled will not issue any shares of its stock to Sub 20 in the exchange.
- (vii) Sub 20 will merge with and into Controlled (the “Sub 20 Merger”). Controlled will issue shares of its stock to Distributing but not to Sub 17.
- (viii) Sub 17 will merge with and into Controlled with LLC 10 receiving Controlled stock in the exchange (the “Sub 17 Merger,” and together with the Sub 20 Merger and the Sub 21 Merger, the “Mergers”). LLC 10 will distribute the Controlled stock to Distributing.
- (ix) Sub 12 will convert under state law into a LLC, changing its name to LLC 11 (the “Sub 12 Liquidation”). LLC 11 will be a disregarded entity.
- (x) Sub 2 will merge with and into Distributing (the “Sub 2 Liquidation”).
- (xi) Sub 1 will form LLC 12. Sub 10 will merge with and into LLC 12 (the “Sub 10 Liquidation”). LLC 12 will be classified as a disregarded entity.
- (xii) Sub 1 will merge with and into LLC 1 (the “Sub 1 Liquidation”).

- (xiii) LLC 1 will distribute the stock of Sub 9 and Sub 11 to Distributing (the “LLC 1 Distributions”).
- (xiv) Distributing will contribute all of the outstanding membership interests of LLC 11 to LLC 1 (the “LLC 11 Contribution”).
- (xv) Sub 18 will distribute the stock of Sub 23 to Distributing.
- (xvi) Sub 19 will merge with and into Sub 15 (the “Sub 19 Liquidation”).
- (xvii) Sub 15 will merge with and into Sub 4 (the “Sub 15 Liquidation”). Alternatively, Sub 15 may make an election to be classified as a disregarded entity.
- (xviii) Sub 4 will convert under state law into a LLC, changing its name to LLC 13 (the “Sub 4 Liquidation,” and together with the Sub 1 Liquidation, Sub 2 Liquidation, Sub 6 Liquidation, Sub 7 Liquidation, Sub 10 Liquidation, Sub 12 Liquidation, Sub 15 Liquidation, and Sub 19 Liquidation, collectively, the “Liquidations ”). LLC 13 will be classified as a disregarded entity.
- (xix) Sub 22 will convert under state law into a LLC, changing its name to Sub 24. Sub 24 will elect to be classified for federal tax purposes as a corporation under §§ 301.7701-2 and 3 (the “Sub 22 Reincorporation”).
- (xx) Distributing will contribute to Controlled (i) all of the stock of Sub 5, Sub 8, and Sub 13, (ii) all of the outstanding membership interests of Sub 18, Sub 23, and LLC 13, and (iii) one-half of the outstanding membership interests of LLC 1 in exchange for Controlled stock and indebtedness (“Controlled Indebtedness,” such transaction, the “Contribution”). The contribution of the membership interests of LLC 1 will result in a change of classification for LLC 1 pursuant to §301.7701-3(f)(2) from a disregarded entity to a partnership.
- (xxi) Distributing will raise approximately \$f by issuing its debt (the “Distributing Notes”) to unrelated investors in one or more issuances effectuated at least g days prior to the effective date of the Distribution.
- (xxii) Controlled will contribute approximately \$h to Sub 13.
- (xxiii) Controlled will borrow up to \$i from unrelated lenders.
- (xxiv) Debtor Business B Subs will repay indebtedness owed to Controlled.

- (xxv) Sub 14 and certain disregarded entities of Controlled will distribute cash to Controlled.
- (xxvi) Sub 18 will loan cash to Controlled. Sub 24 will loan cash to Controlled (the “Sub 24 Loan”).
- (xxvii) All indebtedness owed by Controlled and its affiliates to Distributing or to Creditor Business B Subs will be settled.
- (xxviii) Distributing will contribute \$j to LLC 1. Controlled will contribute \$j to LLC 1. LLC 4 will repay a \$k loan to LLC 1.
- (xxix) At the effective time of the Distribution, Distributing will distribute all of the Controlled stock to holders of Distributing common stock on a pro rata basis (the “Share Distribution”). Distributing will not actually distribute fractional shares of Controlled stock in the Distribution, but will transfer such interests on behalf of such shareholders to a distribution agent. The distribution agent will aggregate fractional shares of Controlled stock, sell them on the open market on behalf of the Distributing shareholders, and distribute the net proceeds of the sale to beneficial owners of Distributing stock who otherwise would have received the Controlled fractional shares.
- (xxx) On or about the effective time of the Distribution, Distributing will transfer all of the Controlled Indebtedness to the holders of the Distributing Notes in exchange for the Distributing Notes (the “Debt Exchange,” and together with the Share Distribution, the “Distribution”).
- (xxxi) Following the effective date of the Distribution, subject to market and other conditions, Distributing may repurchase in exchange for cash, no more than l% of the Distributing shares outstanding on the effective date of the Distribution (the “Stock Repurchases”). The Stock Repurchases may be effectuated in open market transactions, by means of one or more accelerated stock repurchase transactions with an investment bank (“ASR”), or in some combination of open market repurchases and ASR. In addition to the shares intended to be redeemed pursuant to the Stock Repurchases, Distributing may repurchase additional shares following the Distribution (the “Additional Repurchases”). Any Additional Repurchases will not exceed the number of shares of post-Distribution issuances. With respect to Stock Repurchases and the Additional Repurchases, the mechanics for the repurchases will be designed to avoid the acquisition of any shares from any officer, director, or five-percent shareholder of Distributing.

Representations

The Contribution and Distribution

The following representations have been made regarding the Contribution and the Distribution:

(a) Except with respect to Controlled Indebtedness to be disposed of by Distributing in the Debt Exchange, indebtedness, if any, owed by Controlled to Distributing after the Distribution will not constitute stock or securities.

(b) No part of the consideration to be distributed by Distributing in the Share Distribution will be received by a shareholder of Distributing as a creditor, employee, or in any capacity other than that of a shareholder of Distributing and, in the case of the Debt Exchange, other than as a creditor of Distributing.

(c) The five years of financial information submitted on behalf of Business A (as conducted by the Distributing SAG), represents the present operations of the business, and regarding the business, there have been no substantial operational changes since the date of the last financial statement submitted.

(d) The five years of financial information submitted on behalf of Business C (as conducted by the Controlled SAG), represents the present operations of the business, and regarding the business, there have been no substantial operational changes since the date of the last financial statement submitted.

(e) The Distributing SAG neither acquired Business A nor acquired control of an entity conducting Business A during the five-year period ending on the date of the Distribution in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part. Throughout the five-year period ending on the date of the Distribution, the Distributing SAG has been the principal owner of the goodwill and significant assets of Business A and will continue to be the principal owner following the Distribution.

(f) The Distributing SAG neither acquired Business C nor acquired control of an entity conducting Business C during the five-year period ending on the date of the Distribution in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part. Throughout the five-year period ending on the date of the Distribution, the Distributing SAG has been the principal owner of the goodwill and significant assets of Business C and the Controlled SAG will continue to be the principal owner following the Distribution.

(g) Following the Distribution, the Distributing SAG will continue the active conduct of Business A, and the Controlled SAG will continue the active conduct of

Business C independently and with their separate employees (except as provided in the Continuing Agreements).

(h) The Distribution is carried out for the Corporate Business Purposes. The Distribution is motivated, in whole or substantial part, by the Corporate Business Purposes.

(i) The Distribution is not used principally as a device for the distribution of the earnings and profits of Distributing or Controlled or both.

(j) The total fair market value of the assets transferred to Controlled in the Contribution will exceed the sum of (i) the amount of any liabilities assumed (within the meaning of § 357(d)) by Controlled in the exchange, (ii) the amount of any liabilities owed to Controlled by Distributing that are discharged or extinguished in connection with the exchange, and (iii) the amount of cash and the fair market value of any other property (other than stock and securities permitted to be received under § 361(a) without recognition of gain) received by Distributing in the exchange. The fair market value of the assets of Controlled will exceed the amount of its liabilities immediately after the Contribution.

(k) The total adjusted basis and the fair market value of the assets transferred by Distributing to Controlled in the Contribution each will equal or exceed the sum of (i) the total liabilities (if any) assumed (within the meaning of § 357(d)) by Controlled and (ii) the total amount of money and the fair market value of other property (within the meaning of § 361(b)) received by Distributing and transferred by it to its creditors and shareholders in connection with the plan of reorganization.

(l) Any liabilities assumed (within the meaning of § 357(d)) by Controlled in the Contribution were incurred in the ordinary course of business and are associated with the assets being transferred.

(m) The Controlled Indebtedness constitutes indebtedness for federal income tax purposes.

(n) Except with respect to the Controlled Indebtedness to be disposed of by Distributing in the Debt Exchange and trade payables between Distributing and Controlled created in the ordinary course of business, including those created in connection with the Continuing Agreements, no intercorporate debt will exist between Distributing (and its subsidiaries) and Controlled (and its subsidiaries) at the time of, or subsequent to, the Distribution.

(o) Immediately before the Distribution, items of income, gain, loss, deduction, and credit will be taken into account as required by the applicable intercompany transaction regulations (see §§ 1.1502-13 and 1.1502-14 as in effect before the publication of T.D. 8597, 1995-2 C.B. 147, and as currently in effect; § 1.1502-13 as

published by T.D. 8597). Furthermore, Distributing's excess loss account, if any, with respect to its Controlled common stock will be included in income immediately before the Distribution to the extent required by applicable regulations (see § 1.1502-19).

(p) Payments made in all continuing transactions between Distributing and Controlled will be (i) with respect to payments made by Distributing to Controlled, equal to the lesser of the fully allocated cost or the market price of providing such services, and (ii) with respect to payments made by Controlled to Distributing, equal to the fully allocated cost of such services plus a charge of m% of such cost.

(q) No two parties to the transaction are investment companies as defined in § 368(a)(2)(F)(iii) and (iv).

(r) For purposes of § 355(d), immediately after the Distribution, no person (determined after applying § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Distributing stock entitled to vote, or 50 percent or more of the total value of shares of all classes of Distributing stock, that was acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of the Distribution.

(s) For purposes of § 355(d), immediately after the Distribution, no person (determined after applying § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Controlled stock entitled to vote, or 50 percent or more of the total value of shares of all classes of Controlled stock, that was either (i) acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of the Distribution or (ii) attributable to distributions on Distributing stock or securities that were acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of the Distribution.

(t) The Distribution is not part of a plan or series of related transactions (within the meaning of § 1.355-7) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest (within the meaning of § 355(d)(4)) in Distributing or Controlled (including any predecessor or successor of either corporation).

(u) Immediately after the Distribution, neither Distributing nor Controlled will be a disqualified investment corporation within the meaning of § 355(g).

(v) The amount of Distributing Notes exchanged for Controlled Indebtedness in the Debt Exchange will not exceed the daily average outstanding third party indebtedness of Distributing for the 365 day period ending on the close of business on Date 5, the last full business day before the date on which Distributing's board of directors directed management to actively pursue the distribution of Business D.

(w) The payment of cash in lieu of a fractional share of Controlled stock is solely for the purpose of avoiding the expense and inconvenience to Controlled of issuing and maintaining fractional shares and will not represent separately bargained for consideration. The total cash that will be paid in the transaction to any shareholder in lieu of a fractional share of Controlled stock will not exceed one percent of the total consideration that will be distributed in the transaction. Any fractional share interests of each Distributing shareholder will be aggregated, and it is intended that no Distributing shareholder will receive cash in an amount equal to or greater than the value of one full share of Controlled stock.

The Liquidations

The following representations have been made regarding each of the Liquidations. For purposes of this letter, with respect to each Liquidation, "Subsidiary" shall mean the liquidating corporation and "Parent" shall mean the corporation receiving the liquidating distribution. With respect to any Subsidiary that is converted into a disregarded entity, the following representations are made by taking into account such entity's disregarded status.

(x) Parent, on the date of adoption of the plan of liquidation, and at all times until the final liquidating distribution is completed, will wholly own the single outstanding class of Subsidiary stock.

(y) No shares of Subsidiary stock will have been redeemed during the three years preceding the adoption of the plan of complete liquidation of Subsidiary.

(z) All distributions from Subsidiary to Parent pursuant to the plan of complete liquidation will be made within a single taxable year of Subsidiary.

(aa) As soon as the first liquidating distribution has been made, Subsidiary will cease to be a going concern and its activities will be limited to winding up its affairs, paying its debts, and distributing its remaining assets to Parent.

(bb) Subsidiary will not retain any assets following the final liquidating distribution.

(cc) Subsidiary will not have acquired assets in any nontaxable transaction at any time, except for (i) acquisitions occurring more than three years prior to the date of adoption of the plan of liquidation, (ii) the receipt of capital contributions by Sub 4 between Date 6 and Date 7 aggregating \$n, (iii) the receipt of a capital contribution by Sub 15 on Date 8 of \$o, (iv) the receipt of a LLC membership interest by Sub 15 in a liquidating distribution on Date 9, (v) the receipt of stock of Sub 18 by Sub 7 on Date 10, Date 11, and Date 12, and (vi) the receipt of stock of a subsidiary by Sub 7 on Date 13.

(dd) No assets of Subsidiary have been, or will be, disposed of by either Subsidiary or Parent, except for (i) dispositions in the ordinary course of business, (ii) dispositions occurring more than three years prior to adoption of the plan of liquidation, (iii) the contribution of cash by Sub 7 to Sub 18 on Date 10, Date 11, and Date 12; (iv) the contribution of cash by Sub 7 to a subsidiary on Date 13, and (v) the distribution by Sub 19 to Sub 15 on Date 14 of \$p (the “Sub 19 Distribution”).

(ee) Except with respect to transactions comprising steps of the Proposed Transaction and transfers in the ordinary course of business, the liquidation of Subsidiary will not be preceded or followed by the reincorporation in, or transfer or sale to, a recipient corporation (“Recipient”) of any of the businesses or assets of Subsidiary, if persons holding, directly or indirectly, more than 20 percent in value of the Subsidiary stock also hold, directly or indirectly, more than 20 percent in value of the stock in Recipient. For purposes of this representation, ownership will be determined by application of the constructive ownership rule of § 318(a) as modified by § 304(c)(3).

(ff) Prior to the adoption of the plan of liquidation, no assets of Subsidiary will have been distributed in kind, transferred, or sold to Parent, except for (i) transactions occurring in the normal course of business, (ii) transactions occurring more than three years prior to adoption of the plan of liquidation, and (iii) the Sub 19 Distribution.

(gg) Subsidiary will report all earned income represented by assets that will be distributed to Parent, such as receivables being reported on a cash basis, unfinished construction contracts, commissions due, etc.

(hh) The fair market value of the assets of Subsidiary will exceed its liabilities both at the date of adoption of the plan of complete liquidation and immediately prior to the time the first liquidating distribution is made.

(ii) There is no intercorporate debt existing between Parent and Subsidiary and none has been cancelled, forgiven, or discounted, except for (i) transactions that occurred more than three years prior to the date of adoption of the plan of liquidation, (ii) accounts payable of Sub 7 owed to Distributing in the amount of \$g, (iii) indebtedness of Distributing owed to Sub 6 in the amount of \$r, and (iv) any indebtedness that may exist under the historic tax sharing agreement.

(jj) Parent is not an organization that is exempt from federal income tax under § 501 or any other provision of the Code.

(kk) All other transactions undertaken contemporaneously with, in anticipation of, in conjunction with, or in any way related to, the Liquidation have been fully disclosed.

The Mergers

The following representations have been made regarding the Mergers. For purposes of this letter, with respect to each Merger, "Transferor" shall mean the corporation merging out of existence, and "Shareholder" shall mean a shareholder of Transferor.

(ll) In each of the Mergers, the following will occur simultaneously as a result of state law: (i) all of the assets (other than the stock of Sub 21 in the Sub 20 Merger and the stock of Sub 20 in the Sub 17 Merger) and all of the liabilities of each Transferor at the effective time of the Merger will become the assets and liabilities of Controlled, and (ii) the separate legal existence of each Transferor will cease to exist for all purposes.

(mm) LLC 10 will receive Controlled stock in the Sub 17 Merger which it will distribute to Distributing, and Distributing will distribute the Controlled stock to its shareholders in the Distribution. No shares of Controlled stock will be issued to Sub 20 in the Sub 21 Merger or to Sub 17 in the Sub 20 Merger. With respect to the Sub 17 Merger: (i) the fair market value of the Controlled stock received by Shareholder will be approximately equal to the fair market value of the Sub 17 stock surrendered in the exchange, (ii) at least 40% of the proprietary interest in Sub 17 will be exchanged for a Controlled proprietary interest and will be preserved (within the meaning of § 1.368-1(e)), and (iii) except for Stock Transactions, neither Controlled nor a person related (as defined in § 1.368-1(e)(4)) to Controlled has a plan or intention to reacquire any of its stock issued in the Sub 17 Merger.

(nn) Each of the Mergers is being effectuated for the purpose of facilitating the realization of the Corporate Business Purposes.

(oo) Controlled has no plan or intention to sell or otherwise dispose of any of the assets of any Transferor (or any subsidiary of any Transferor acquired in the Merger) acquired in the transaction, except for dispositions made in the ordinary course of business or transfers described in § 368(a)(2)(C) or § 1.368-2(k).

(pp) The liabilities of each Transferor assumed by Controlled (within the meaning of § 357(d)) were incurred by the Transferor in the ordinary course of its business and are associated with the assets to be transferred.

(qq) Following the Mergers and taking into account the assets and businesses, if any, indirectly owned or conducted by Transferor through one or more subsidiaries, Controlled will continue the historic business of each Transferor or use a significant portion of each Transferor's historic business assets in a business as required and defined in § 1.368-1(d).

(rr) Distributing, Controlled, and each Transferor will pay their respective expenses, if any, incurred in connection with the Mergers.

(ss) There is no intercorporate indebtedness existing between any Transferor and Controlled that was issued, acquired, or will be settled at a discount.

(tt) No two parties to any Merger are investment companies as defined in § 368(a)(2)(F)(iii) and (iv).

(uu) The total fair market value of the assets to be transferred to Controlled by each Transferor will exceed the sum of the liabilities of that Transferor to be assumed by Controlled in such Merger (within the meaning of § 357(d)). The fair market value of the assets of Controlled will exceed the amount of its liabilities immediately after each Merger.

(vv) None of Sub 17, Sub 20, or Sub 21 is under the jurisdiction of a court in a Title 11 or similar case within the meaning of § 368(a)(3)(A).

The Sub 22 Reincorporation

(ww) The Sub 22 Reincorporation will qualify as a reorganization pursuant to § 368(a)(1)(F).

Rulings

Based solely on the information submitted and the representations made, we rule as follows regarding the Proposed Transaction:

The Distribution and Contribution

(1) The Contribution and the Distribution, together, will be a reorganization within the meaning of § 368(a)(1)(D). Distributing and Controlled will each be a “party to a reorganization” within the meaning of § 368(b).

(2) No gain or loss will be recognized by Distributing on the Contribution. §§ 357(a) and 361(a).

(3) No gain or loss will be recognized by Controlled on the Contribution. § 1032(a).

(4) Controlled’s basis in each asset received in the Contribution will be the same as the basis of that asset in the hands of Distributing immediately before its transfer. § 362(b).

(5) Controlled’s holding period in each asset received in the Contribution will include the period during which Distributing held the asset. § 1223(2).

(6) No gain or loss will be recognized by Distributing on the Distribution. § 361(c).

(7) Provided that the Controlled Indebtedness is transferred in the Debt Exchange in connection with the Proposed Transaction as described above, then under the intercompany transaction regulations, Distributing will not recognize any income, gain, loss, or deduction with respect to the Controlled Indebtedness on the transfer of the Controlled Indebtedness, other than any (i) amount of income, gain, loss, or deduction that offsets Controlled's corresponding amount of income, gain, loss or deduction upon the deemed satisfaction of the Controlled Indebtedness, (ii) deductions attributable to the fact that Distributing Notes may be redeemed at a premium, (iii) income attributable to the fact that Distributing Notes may be redeemed at a discount, (iv) interest expense accrued with respect to Distributing Notes, and (v) income, gain, deductions or loss realized on the transfer of the Controlled Indebtedness on the Debt Exchange attributable to appreciation or depreciation in the Controlled Indebtedness after the time they are acquired and prior to their disposition by Distributing as the case may be.

(8) No gain or loss will be recognized by (and no amount will otherwise be included in the income of) the Distributing shareholders upon their receipt of the Controlled stock in the Distribution. § 355(a).

(9) Each Distributing shareholder's basis in a share of Distributing common stock (as adjusted under § 1.358-1) will be allocated between the share of Distributing common stock with respect to which the Distribution is made and the share of Controlled stock (or allocable portions thereof) received with respect to the share of Distributing common stock in proportion to their fair market values.

(10) Each Distributing shareholder's holding period in the Controlled stock received will include the holding period of the Distributing common stock with respect to which the distribution of the Controlled stock is made, provided that the Distributing common stock is held as a capital asset on the date of the Distribution. § 1223(1).

(11) Earnings and profits (if any) will be allocated between Distributing and Controlled in accordance with § 312(h) and §§ 1.312-10(a) and 1.1502-33(e)(3).

(12) A Distributing shareholder that receives cash in lieu of a fractional share of Controlled stock will recognize gain or loss measured by the difference between the basis of the fractional share received, as determined above in Ruling (9), and the amount of cash received. § 1001. Any gain or loss will be treated as capital gain or loss, provided the fractional share of stock is held as a capital asset on the date of the Distribution. §§ 1221 and 1222.

(13) Following the Distribution, Controlled will not be a successor to Distributing for purposes of § 1504(a)(3); therefore Controlled and its direct and indirect subsidiaries that are "includible corporations" (under § 1504(b)) and satisfy the ownership requirements of § 1504(a)(2) will be members of an affiliated group of

corporations entitled to file a consolidated federal income tax return with Controlled as the common parent.

(14) Distributing's basis in its shares of Controlled stock at the time of the Distribution will be determined under § 1.1502-19(d) by allocating basis first to equalize and eliminate any excess loss account with respect to any share of Controlled stock.

The Liquidations

(15) Each of the Liquidations will qualify as a complete liquidation under § 332. § 332(b) and § 1.332-2(d).

(16) No gain or loss will be recognized by Parent on its receipt of Subsidiary's assets and the assumption of Subsidiary's liabilities. § 332(a).

(17) No gain or loss will be recognized by Subsidiary on the distribution of its assets to, and the assumption of its liabilities by, Parent. §§ 336(d)(3) and 337(a).

(18) Parent's basis in each asset received from Subsidiary in the Liquidation will be the same as the basis of that asset in the hands of Subsidiary immediately before the Liquidation. § 334(b)(1).

(19) Parent's holding period in each asset received from Subsidiary in the Liquidation will include the period during which that asset was held by Subsidiary. § 1223(2).

(20) Parent will succeed to and take into account as of the close of the effective date of the Liquidation the items of Subsidiary described in § 381(c), subject to the conditions and limitations specified in §§ 381, 382, 383, and 384 and the regulations thereunder. § 381(a) and § 1.381(a)-1.

(21) The excess loss account, if any, of Parent with respect to the stock of Subsidiary will not be recognized as a result of the Liquidation. § 1.1502-19(b)(2).

The Mergers

(22) Each of the Mergers will qualify as a reorganization within the meaning of § 368(a)(1)(A), and Transferor and Controlled will each be a "party to a reorganization" under § 368(b).

(23) No Transferor will recognize gain or loss on any of the Mergers (§§ 357(a) and 361(a)), other than the gain, if any, that Sub 17 will recognize on the Sub 17 Distribution occurring in connection with the Sub 17 Merger (§§ 361(b) and 361(c)(2)).

(24) Controlled will recognize no gain or loss on its receipt of the assets of Transferor in actual or constructive exchange for Controlled stock. § 1032(a).

(25) Controlled's basis in each asset received in each of the Mergers will equal the basis of the asset in the hands of each Transferor immediately prior to the Mergers and, in the case of Sub 17, increased by the amount of gain, if any, recognized by Sub 17 on the Sub 17 Distribution. § 362(b).

(26) Controlled's holding period in each asset received from each Transferor in each of the Mergers will include the period during which that asset was held by the Transferor. § 1223(2).

(27) Controlled will succeed to and take into account as of the close of the effective date of each of the Mergers the items of each Transferor described in § 381(c), subject to the conditions and limitations specified in §§ 381, 382, 383, and 384 and the regulations thereunder. § 381(a) and § 1.381(a)-1.

(28) No gain or loss will be recognized by any Shareholder on any of the Mergers, except that Distributing will recognize gain in the Sub 17 Merger in an amount not in excess of the fair market value, if any, of the Sub 17 Other Interests. §§ 354(a)(1) and 356(a).

(29) The basis of the Controlled stock actually or constructively received by a Shareholder in each of the Mergers will be the same as the Shareholder's basis in the Transferor stock surrendered in the exchange decreased in the case of the Sub 17 Merger by the fair market value, if any, of the Sub 17 Other Interests and increased by the amount of gain, if any, which was recognized as a result of the Sub 17 Distribution. § 358(a)(1) and (b).

(30) The basis of Distributing in the Sub 17 Other Interests will be the fair market value, if any, of the interests. § 358(a)(2).

(31) Each Shareholder's holding period in the Controlled stock actually or constructively received will include the holding period of the Transferor stock exchanged therefore, provided the Transferor stock is held as a capital asset as of the date of such Merger. § 1223(1).

(32) The excess loss account, if any, of any Shareholder with respect to its interest in the stock of Transferor, will not be recognized as a result of the Mergers. § 1.1502-19(b)(2).

The Sub 22 Reincorporation

(33) Assuming the Sub 22 Reincorporation qualifies as a reorganization within the meaning of § 368(a)(1)(F), the Sub 24 Loan will not be treated as “other property” under § 356 in the Sub 22 Reincorporation. See Rev. Rul. 96-29, 1996-1 C.B. 50.

Caveats

We express no opinion about the tax treatment of the Proposed Transaction under other provisions of the Code and regulations or the tax treatment of any conditions existing at the time of, or effects resulting from, the Proposed Transaction that is not specifically covered by the above rulings. In particular, we express no opinion regarding:

- (i) Whether the Distribution satisfies the business purpose requirement of § 1.355-2(b);
- (ii) Whether the Distribution is being used principally as a device for the distribution of the earnings and profits of Distributing or Controlled or both (see § 355(a)(1)(B) and § 1.355-2(d));
- (iii) Whether any distribution described above and an acquisition or acquisitions are part of a plan (or series of related transactions) under § 355(e)(2)(A)(ii);
- (iv) Whether the Stock Repurchases are governed by § 356 or § 302;
- (v) Any cost-based transactions between Distributing and Controlled; and
- (vi) The federal income tax consequences of Steps (i) and (ii).

Procedural Statements

This ruling is directed only to the taxpayer who requested it. Section 6110(k)(3) provides that it may not be used or cited as precedent. A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of this letter ruling.

In accordance with a power of attorney on file in this office, a copy of this ruling letter is being sent to your authorized representative.

Sincerely,

Richard K. Passales
Senior Counsel, Branch 4
Office of Associate Chief Counsel
(Corporate)